



*United States Attorney
Southern District of New York*

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**U.S. CHARGES 23 -- BROKERS, APPRAISERS
AND BANK EMPLOYEES -- IN MULTI-MILLION
DOLLAR MORTGAGE FRAUD SCHEME**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, MARK J. MERSHON, Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), and MARTIN D. FICKE, the Special Agent-in-Charge of the New York Office of the Department of Homeland Security's United States Immigration and Customs Enforcement ("ICE") announced the indictment of 23 individuals on charges of participating in an illegal scheme to defraud various banks and financial institutions by submitting fraudulent applications and supporting documentation for mortgages and home equity loans. As a result, the lenders were induced to make loans to persons and at terms that the lenders otherwise would not have funded. The defendants include brokers and processors who worked at the mortgage brokerages AGA Capital NY, Inc. ("AGA Capital") and Northside Capital NY, Inc. ("Northside Capital"), in Brooklyn, New York, real estate appraisers and loan account executives. As alleged in the Indictment unsealed in Manhattan federal court earlier today:

From 2004 through December 2006, Northside Capital, AGA Capital, and its successor, Lending Universe Corporation, brokered over one thousand home mortgages and home equity loans, with a total face value of at least \$200 million dollars, with various

banks and lending institutions. Northside Capital, AGA Capital and Lending Universe earned a total of at least \$4 million in commissions and fees on these loans. The lenders that issued the mortgages and loans brokered by Northside Capital, AGA Capital and Lending Universe have suffered actual losses of at least \$3.5 million as a result of the defendants' fraud scheme.

The eight-count Indictment charges defendants ALEKSANDER LIPKIN, IGOR MISHELEVICH, ALEX GORVITS, MARINA DUBIN, IGOR BUZAKHER, JOSEPH PAPERNY, DANIEL MIKHLIN, JOHN GELIN, FRANSWA LIGON, FUAD YAKUBOV, RICARDO ACOSTA, ERIC CALLAHAN, DOUGLAS ELLISON, OLEG ANOKHIN, DAVID NEUSTEIN, TOMER SINAI, NATHANIEL KESSMAN, CARL CARR, JOHN CIAFOLO, LUCIANNE MORELLO, FAINA PETROVSKAYA, MARIYA BADYUK, and MARINA KLOTSMAN, with conspiracy to commit bank and wire fraud, and several of the defendants with bank and wire fraud in connection with the procurement of seven specific mortgage and home equity loans.

As part of the fraud scheme, the defendants identified properties for sale in multiple locations including all five boroughs of New York City, New Jersey and Sullivan County, New York. The defendants typically purchased the target properties with one or more mortgages and/or home equity loans amounting to 100 percent of the purchase price of the property, thus ensuring that the defendants did not have any money at risk in the fraudulent transactions.

The fraud also involved paying individuals who fit a certain financial profile to act as phony purchasers, or "straw buyers" of the target properties. The defendants then prepared and submitted false and misleading information concerning the straw buyer's current residence, employment, income, assets, and existing debt. In support of these false and misleading representations, the defendants also created false documentation, such as bank statements and proof of income, on which the lenders relied to verify the statements in the loan applications.

In addition, the defendants sought mortgages and home equity loans for the target properties at values that were in excess of the properties' actual sale prices and, thus, the properties' true market values. To support applications for loans in excess of the properties' market values, the defendants procured artificially inflated appraisals of the market value of the target properties. Using these false appraisals, the defendants received mortgages and other loans in excess of the actual sale price of the properties securing the loans. The difference between the appraised value of the property and the property's actual sale price represented, in part, the defendants' profits from the scheme. The defendants distributed the profit from each

fraudulently obtained mortgage loan amongst themselves for their personal gain. The defendants also earned commissions of at least 2 percent and as much as 4 percent on the fraudulently inflated loan values, in addition to fees and other monies distributed upon the closing of each property.

Of the 23 individuals who were charged, 18 were arrested earlier this morning and 4 are expected to surrender tomorrow. Defendant ANOKHIN is still at large. The defendants will be arraigned before United States Magistrate Judge JAMES C. FRANCIS this afternoon. The case was assigned to United States District Judge RICHARD J. HOLWELL. If convicted, each defendant faces a maximum sentence on each count of the Indictment in which he or she is charged of thirty years in jail and a fine of the greater of \$250,000 or twice the gross gain or loss resulting from the crime.

The charges arise from an investigation conducted by a joint task force of the FBI and the New York City Police Department, and by ICE. Mr. GARCIA praised the efforts of these agencies in conducting the investigation.

Assistant United States Attorneys JONATHAN B. NEW, KATHERINE R. GOLDSTEIN, and CHRISTINE MEDING are in charge of the prosecution.

The charges and allegations contained in the Indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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